

## HOUSE BILL No. 2072

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DIGEST OF HB 2072 (Updated February 25, 1999 12:02 pm - DI 73)

**Citations Affected:** IC 6-1.1; IC 36-3; IC 36-7; noncode.

**Synopsis:** Housing trust fund. Establishes a property tax exemption for certain real property located in Marion County that was constructed, rehabilitated, or acquired to provide housing to income eligible persons under the federal low income housing tax credit program. Permits the city-county council in Marion County to enter into agreements concerning payments in lieu of taxes for the same real property, and provides that the payments are to be deposited in the housing trust fund. Permits the Marion County metropolitan development commission to establish a supplemental housing program and a tax increment allocation area for the purpose of providing financial  
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**Effective:** July 1, 1999; January 1, 2000.

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**Crawford, Buell, Day**

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January 27, 1999, read first time and referred to Committee on Ways and Means.  
March 1, 1999, amended, reported — Do Pass.

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Digest Continued

assistance to low-income individuals and families to enable them to purchase or lease residential units. Requires the Marion County metropolitan development commission to establish a housing trust fund.

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March 2, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

## HOUSE BILL No. 2072

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-1.1-10-16.5 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JANUARY 1, 2000]: **Sec. 16.5. Real property is**  
4 **exempt from property taxation if:**

- 5 (1) **the real property is located within a county containing a**  
6 **consolidated city;**  
7 (2) **the real property is owned by an Indiana corporation;**  
8 (3) **the improvements on the real property were constructed,**  
9 **rehabilitated, or acquired for the purpose of providing**  
10 **housing to income eligible persons under the federal low**  
11 **income housing tax credit program under 26 U.S.C. 42;**  
12 (4) **the real property is subject to an extended use agreement**  
13 **under 26 U.S.C. 42 as administered by the Indiana housing**  
14 **finance authority; and**  
15 (5) **the owner of the property has entered into an agreement**

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to make payments in lieu of taxes under IC 36-3-2-11.

SECTION 2. IC 36-3-2-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 11. (a) As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:**

(1) Assessed value.

(2) Exemption.

(3) Owner.

(4) Person.

(5) Property taxation.

(6) Real property.

(7) Township assessor.

(b) As used in this section, "PILOTS" means payments in lieu of taxes.

(c) As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.5.

(d) Subject to the approval of a property owner, the legislative body of the consolidated city may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under IC 6-1.1-10-16.5. The ordinance remains in full force and effect until repealed or modified by the legislative body, subject to the approval of the property owner.

(e) The PILOTS must be calculated so that the PILOTS are in an amount equal to the amount of property taxes that would have been levied by the legislative body for the consolidated city and county upon the real property described in subsection (d) if the property were not subject to an exemption from property taxation.

(f) PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the real property described in subsection (d). The township assessors shall assess the real property described in subsection (d) as though the property were not subject to an exemption.

(g) PILOTS collected under this section shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5 and used for any purpose for which the housing trust fund may be used.

(h) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

SECTION 3. IC 36-7-15.1-35.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS



[EFFECTIVE JULY 1, 1999]: Sec. 35.5. (a) The general assembly finds the following:

(1) Federal law permits the sale of a multiple family housing project that is or has been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development without requiring the continuation of that project based assistance.

(2) Such a sale displaces the former residents of a multiple family housing project described in subdivision (1) and increases the shortage of safe and affordable housing for persons of low and moderate income within the county.

(3) The displacement of families and individuals from affordable housing requires increased expenditures of public funds for crime prevention, public health and safety, fire and accident prevention, and other public services and facilities.

(4) The establishment of a supplemental housing program under this section will do the following:

(A) Benefit the health, safety, morals, and welfare of the county and the state.

(B) Serve to protect and increase property values in the county and the state.

(C) Benefit persons of low and moderate income by making affordable housing available to them.

(5) The establishment of a supplemental housing program under this section and sections 32 through 35 of this chapter is:

(A) necessary in the public interest; and

(B) a public use and purpose for which public money may be spent and private property may be acquired.

(b) In addition to its other powers with respect to a housing program under sections 32 through 35 of this chapter, the commission may establish a supplemental housing program. Except as provided by this section, the commission has the same powers and duties with respect to the supplemental housing program that the commission has under sections 32 through 35 of this chapter with respect to the housing program.

(c) One (1) allocation area may be established for the supplemental housing program. The commission is not required to make the findings required under section 34(5) through section 34(8) of this chapter with respect to the allocation area. However, the commission must find that the property contained within the boundaries of the allocation area consists solely of one



(1) or more multiple family housing projects that are or have been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development or have been owned at one time by a public housing agency. The allocation area need not be contiguous. The definition of "base assessed value" set forth in section 35(a) of this chapter applies to the special fund established under section 35 of this chapter for the allocation area.

(d) The special fund established under section 35 of this chapter for the allocation area established under this section may be used only for the following purposes:

(1) Subject to subdivision (2), on January 1 and July 1 of each year the balance of the special fund shall be transferred to the housing trust fund established under subsection (e).

(2) The commission may provide each taxpayer in the allocation area a credit for property tax replacement in the manner provided by section 35(b)(7) of this chapter. Transfers made under subdivision (1) shall be reduced by the amount necessary to provide the credit.

(e) The commission shall, by resolution, establish a housing trust fund to be administered, subject to the terms of the resolution, by:

(1) the housing division of the consolidated city; or

(2) the department, division, or agency that has been designated to perform the public housing function by an ordinance adopted under IC 36-7-18-1.

(f) The housing trust fund consists of:

(1) amounts transferred to the fund under subsection (d);

(2) payments in lieu of taxes deposited in the fund under IC 36-3-2-11; and

(3) loan payments deposited in the fund under IC 5-20-1-27.

(g) The commission shall, by resolution, establish uses for the housing trust fund. However, the uses must be limited to:

(1) providing financial assistance to those individuals and families whose income is at or below the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county; and

(2) paying expenses of administering the fund.

SECTION 4. [EFFECTIVE JULY 1, 1999] IC 6-1.1-10-16.5, as added by this act, applies to property taxes first due and payable after December 31, 1999.

